

## Hasgrove plc

### Placing

Hasgrove plc (AIM: HGV, "Hasgrove", "the Group"), the pan European marketing and communications services group, has raised £0.96 million (approximately £0.91 million after expenses) via a placing, by KBC Peel Hunt on behalf of the Group with institutional and other investors, of 1,068,400 new Ordinary Shares at price of 90 pence per share.

### Highlights

- Placing to raise £0.96 million at a price of 90 pence per share, approximately £0.91 million net of expenses;
- The Placing proceeds will be used to provide sufficient headroom in the Group's cash facilities in order to:
  - be well placed to acquire appropriate companies at attractive prices when the opportunity arises;
  - accelerate the process of 'off-shoring' some of the Group's software development requirements to a more cost effective location; and
  - enable the 'productising' of some of the Group's software products to achieve significant scale and additional revenue in the Digital Communications business;
- The Placing Price represents a discount of approximately 13 per cent. to the closing mid-market price of 103.5 pence per Ordinary Share on 14 November 2008;
- The Placing is subject to the terms and conditions set out in the Appendix to this announcement;
- Admission of the Placing Shares to AIM is expected to take place on 20 November 2008.

For further information, please contact:

#### **Hasgrove plc**

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### **Note to editors**

Hasgrove plc is a pan European marketing and communications services group, with three mutually supportive disciplines from which it derives synergy benefits. They are Public Affairs and Corporate Communications; Digital Communication Services; and Design.

The Group's strategic goal is to build a pan European organisation that is capable of capitalising on the rapidly changing world of communications by operating in high growth, niche areas where Hasgrove can be a market leader. This is being achieved by a combination of organic development and acquisition within the fragmented marketing communications sector. The Group provides services which encompass multi-channel, cross-disciplinary and cross-border activity.

There are now more than 350 personnel in the Group, serving a broad client base of more than 500 clients, working in a number of well established, profitable and strongly cash generative operating businesses:

- **Interel**, including Politics International, is a leading European Corporate Affairs consultancy focusing on public affairs and issues management. Interel has over 130 professionals in its offices in Brussels, London, Berlin, Paris, Prague, Madrid and Washington DC and has a well established network of partners in all other major cities in Europe. **Odyssey Interactive**, which is part of the Public Affairs and Corporate Communications Division, supplies intranet software solutions.
- **Amaze** offers a broader range of marketing and technology services, including the delivery of web technology solutions, as well as traditional PR, print and broadcast advertising and brand consulting.
- **The Chase** is a leading UK graphic design agency.

#### FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements, including, without limitation, statements containing the words 'believes', 'anticipates', 'expects', and similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such forward-looking statements in this announcement to reflect future events or developments.

## Hasgrove plc

### Placing

#### 1. Introduction

Hasgrove plc is pleased to announce a placing by KBC Peel Hunt on behalf of the Company with institutional and other investors of 1,068,400 new Ordinary Shares at price of 90 pence per share to raise £0.96 million (approximately £0.91 million after expenses). The issue of the Placing Shares will represent an increase of 5 per cent. in the issued share capital of the Company.

#### 2. Placing

The Company is proposing to raise £0.96 million, before expenses, by the issue of 1,068,400 new Ordinary Shares to institutional and other investors at 90 pence per share. Pursuant to the terms of the Placing Agreement, KBC Peel Hunt, as agent for Hasgrove, has agreed to use reasonable endeavours to place the Placing Shares with certain institutional and other investors, subject to the terms and conditions set out in the Appendix to this announcement.

The Placing is neither a rights issue nor an open offer and the Placing Shares will not be offered generally to shareholders on a pre-emptive basis. The Directors believe that the considerable extra cost and delay involved in a rights issue or open offer would not be in the best interests of the Company in the circumstances, and accordingly, the Board considers that it is in the best interests of the Company and shareholders as a whole for the funds to be raised through the Placing.

The Placing Price represents a discount of approximately 13 per cent. to the closing mid-market price of 103.5 pence per Ordinary Share on 14 November 2008, being the latest practicable date prior to the publication of this document.

#### *Reasons for the Placing and Use of Proceeds*

The Group has raised approximately £0.91 million (net of expenses) to provide sufficient headroom in its cash facilities for the following reasons:

- (a) To be well placed to acquire appropriate companies at attractive prices when the opportunity arises. This was the case with the acquisition of Amaze Limited almost 12 months ago, which, in the Directors' opinion, has proved to be extremely good value for shareholders. The Group was able to take advantage of the opportunity that arose at very short notice as the decision had to be made within 48-72 hours before the Directors believed that the inherent value in the business would have started to decline with probable employee departures and client losses.
- (b) Currently the Group's Digital Communications business employs relatively expensive contractors to complete software development projects. The Board is considering the 'off-shoring' of some of the Group's software development requirements to a more cost effective location, where the Directors believe there is a proven track record of both quality and a competitive cost base. Whilst this move could be funded organically over an extended period,, the Board believes that relatively modest additional funding would enable the acceleration of this process.
- (c) In order to be able to achieve significant scale in the Digital Communications business, the Directors believe that some of the Group's software products which are currently only available as bespoke packages should be 'productised'.

One area of particular opportunity relates to the Group's Bid Solutions product that essentially automates large parts of the tender process for professional services firms. This has been a Group objective for some time but has proved difficult to progress rapidly as it requires a dedicated development software resource for an extended

period of time. The Directors estimate that the Bid Solutions product could be ready for launch as a stand alone product in six months if the Group had a dedicated team of up to five additional permanent developers to service and support clients.

The Directors believe the Placing will allow the Company to build on its existing assets to further strengthen its position in its main global markets.

## APPENDIX

### TERMS AND CONDITIONS OF THE PLACING For Invited Placees only - Important Information

#### 1. Eligible Participants

This Appendix, including the terms and conditions of the Placing set out below, is directed only at persons who are FSMA Qualified Investors.

In this Appendix “you” or “Placee” means any person who is or becomes committed to subscribe for Placing Shares under the Placing.

**Members of the public are not eligible to take part in the Placing.**

#### 2. Overseas jurisdictions

The distribution of the Announcement and this Appendix and the Placing and/or issue of ordinary shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or KBC Peel Hunt that would permit an offer of ordinary shares or possession or distribution of the Announcement and this Appendix or any other offering or publicity material relating to such ordinary shares in any jurisdiction where action for that purpose is required. FSMA Qualified Investors who seek to participate in the Placing must inform themselves about and observe any such restrictions. In particular, the Announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for ordinary shares in the capital of the Company in the United States, Canada, Japan or Australia or in any other jurisdiction in which such offer, solicitation, publication or distribution is or would be unlawful. The Placing Shares have not been and will not be registered under the US Securities Act or under the securities laws of any State or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold, resold or delivered, directly or indirectly in or into the United States, or to, or for the account or benefit of, any US persons. No public offering of the Placing Shares is being made in the United States. No money, securities or other consideration from any person inside the United States is being solicited pursuant to the Announcement or the Placing.

#### 3. Placing

This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. KBC Peel Hunt will arrange the Placing as agent for and on behalf of the Company. KBC Peel Hunt will determine in its absolute discretion the extent of each Placee's participation in the Placing, which will not necessarily be the same for each Placee. No commissions will be paid to or by Placees in respect of their agreement to subscribe for any Placing Shares.

**Each Placee will be required to pay to KBC Peel Hunt, on the Company's behalf, the Placing Price as the subscription sum for each Placing Share agreed to be subscribed by it under the Placing in accordance with the terms set out in this Appendix. Each Placee's obligation to subscribe and pay for Placing Shares under the Placing will be owed to each of the Company and KBC Peel Hunt. Each Placee will be deemed to have read and understood this Appendix in its entirety.** To the fullest extent permitted by law and applicable FSA rules, neither KBC Peel Hunt nor any other KBC Person shall have any liability to Placees or to any person other than the Company in respect of the Placing.

#### 4. Participation and settlement

**Participation in the Placing is only available to persons who are invited to participate in it by KBC Peel Hunt.**

A Placee's commitment to subscribe for a fixed number of Placing Shares under the Placing will be agreed orally with KBC Peel Hunt. Such agreement will constitute a legally binding commitment on your part to subscribe for that number of Placing Shares at the Placing Price on the terms and conditions set out or referred to in this Appendix and subject to the

Company's memorandum and articles of association. After such agreement is entered into, a written confirmation will be dispatched to you by KBC Peel Hunt confirming the number of Placing Shares that you have agreed to subscribe and the aggregate amount you will be required to pay for those Placing Shares. It is expected that such written confirmations will be despatched on the date of the Announcement, that the "trade date" for settlement purposes will be 17 November 2008 and the "settlement date" will be 20 November 2008.

A settlement instruction form will accompany each written confirmation and, on receipt, should be completed and returned to Chris Holmes at KBC Peel Hunt in accordance with the instructions printed thereon.

Settlement of transactions in the Placing Shares (ISIN: GB001B1FRDB45, SEDOL B1FRDB4) will take place within the CREST system, subject to certain exceptions, on a "delivery versus payment" (or "DVP") basis. You should settle against CREST ID: 9LMAY. KBC Peel Hunt reserves the right to require settlement for and delivery of the Placing Shares to Placees by such other means that it deems appropriate if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in the Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

If Placing Shares are to be delivered to a custodian or settlement agent, please ensure that the written confirmation is copied and delivered immediately to the appropriate person within that organisation.

#### **5. No Prospectus**

No prospectus has been or will be submitted for approval by the FSA in relation to the Placing or the Placing Shares. Placees' commitments in respect of Placing Shares will be made solely on the basis of the information contained in the Announcement and the Presentation.

#### **6. Placing Shares**

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing issued ordinary shares of the Company.

Application will be made for the admission of the Placing Shares to trading on AIM. It is expected that Admission will take place, and dealings in the Placing Shares will commence, on 20 November 2008.

#### **7. Placing Agreement**

KBC Peel Hunt has, on the terms and subject to the conditions set out in the Placing Agreement, agreed to use its reasonable endeavours as agent of the Company to procure subscribers for Placing Shares at the Placing Price.

#### **8. Placing conditions**

The Placing is conditional, *inter alia*, on (a) the Placing Agreement not being terminated in accordance with its terms, (b) Admission taking place not later than 8.00 a.m. on 20 November 2008, and (c) the Placing Agreement becoming unconditional in all other respects.

KBC Peel Hunt reserves the right to waive or (with the agreement of the Company) extend the time and or date for the fulfilment of any of the conditions in the Placing Agreement to a time no later than 8.00 am on 1 December 2008 ("the Long Stop Date").

If any condition in the Placing Agreement is not fulfilled or waived by KBC Peel Hunt by the relevant time, the Placing will lapse and your rights and obligations pursuant to the Placing shall cease and terminate at such time.

The Placing Agreement may be terminated by KBC Peel Hunt at any time prior to Admission in certain circumstances including, *inter alia*, following a material breach of the Placing Agreement by the Company or the occurrence of certain *force majeure* events. The exercise of any right of termination of the Placing Agreement, any waiver of any condition to the

Placing Agreement or (subject to agreement with the Company) any decision not to extend the time for satisfaction of any condition to the Placing Agreement shall be within KBC Peel Hunt's absolute discretion. KBC Peel Hunt shall have no liability to you in the event of any such termination, waiver or the extension or in respect of any decision whether to exercise any such right of termination, waiver or extension.

#### **9. Payment default**

Your entitlement to receive any Placing Shares will be conditional on KBC Peel Hunt's receipt of payment by the relevant time to be stated in the written confirmation referred to above, or by such later time and date as KBC Peel Hunt may in its absolute discretion determine. KBC Peel Hunt may, in its absolute discretion, waive such condition, and shall not be liable to you in the event of it deciding whether to waive or not to waive such condition.

If you fail to make such payment by the required time for any Placing Shares (1) the Company may release itself (if it decides, at its absolute discretion, to do so) and will be released from all obligations it may have to allot and/or issue any such Placing Shares to you or at your direction which are then unallotted and/or unissued, (2) the Company may exercise all rights of lien, forfeiture and set-off over and in respect of any such Placing Shares to the fullest extent permitted under its articles of association or otherwise by law and to the extent that you then have any interest in or rights in respect of any such shares, (3) the Company or, as applicable, KBC Peel Hunt may sell (and each of them is irrevocably authorised by you to do so) all or any of such shares on your behalf and then retain from the proceeds, for the account and benefit of the Company or, where applicable, KBC Peel Hunt (i) any amount up to the total amount due to it as, or in respect of, subscription monies, or as interest on such monies, for any Placing Shares, (ii) any amount required to cover any stamp duty or stamp duty reserve tax arising on the sale, and (iii) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale, and (4) you shall remain liable to the Company and to KBC Peel Hunt for any loss which it may suffer as a result of it (i) not receiving payment in full for such Placing Shares by the required time, and/or (ii) the sale of any such Placing Shares to any other person at whatever price and on whatever terms as are actually obtained for such sale by or for it. Interest may be charged in respect of payments not received by KBC Peel Hunt for value by the required time referred to above at the rate of two percentage points above the base rate of Barclays Bank plc from time to time.

#### **10. Placees' warranties and undertakings to the Company and KBC Peel Hunt**

By agreeing with KBC Peel Hunt to subscribe for Placing Shares under the Placing you irrevocably acknowledge and confirm and warrant and undertake to, and agree with, each of the Company and KBC Peel Hunt (in its capacity as placing agent), in each case as a fundamental term of your application for Placing Shares and of the Company's obligation to allot and/or issue any Placing Shares to you or at your direction, that:

- (a) you agree to and accept all the terms and conditions set out in this Appendix;
- (b) your rights and obligations in respect of the Placing will terminate only in the circumstances described in the Appendix and will not be capable of rescission or termination by you in any circumstances;
- (c) the Announcement and Presentation (which have been, or will be issued by the Company) are the sole responsibility of the Company;
- (d) you have relied on your own investigation of the business, financial or other position of the Company in deciding to participate in the Placing, you are not relying on any information given or any representations, warranties, agreements or undertakings (express or implied), written or oral, or statements made at any time by the Company, other than as contained in Announcement and the Presentation, or by KBC (other than as contained in this Appendix) and that, accordingly, none of the Company, any KBC Person or their respective directors, officers, agents, employees or advisers or any person acting on behalf of any of them shall have any responsibility for any such other

information or representation and you agree that the Placing will be made solely on this basis and not otherwise and that you have not been, and will not be, given any warranty or representation by any KBC Person in relation to the Placing Shares or the Company or any other member of its Group;

- (e) you are not, and do not regard yourself as being, a customer of KBC Peel Hunt in relation to the Placing and KBC Peel Hunt is not acting for you in connection with the Placing and will not be responsible to you in respect of the Placing for providing protections afforded to its customers. You also acknowledge that any monies of any Placee or any other person acting on behalf of a Placee held or received by KBC Peel Hunt will not be subject to the protections conferred by the FSA's Client Money Rules;
- (f) you will pay the full subscription amount as and when required in respect of all Placing Shares for which you have committed to subscribe and will do all things necessary on your part to ensure that payment for such shares and their delivery to you or at your direction is completed in accordance with the standing CREST instructions (or, where applicable, standing certificated settlement instructions) that you have in place with KBC Peel Hunt or put in place with KBC Peel Hunt with its agreement;
- (g) you are entitled to subscribe for Placing Shares under the laws of all relevant jurisdictions which apply to you and you have complied, and will fully comply, with all such laws (including where applicable, the Anti-Terrorism, Crime and Security Act 2001, the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, and the Money Laundering Regulations 2007 (the "Regulations") and analogous laws in other jurisdictions to which you are subject) and have obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such subscription, and you will provide promptly to KBC Peel Hunt such evidence, if any, as to the identity of any person which it may request from you (for the purpose of its complying with the Regulations or otherwise in connection with your participation in the Placing) in the form and manner requested by KBC Peel Hunt on the basis that any failure by you to do so may result in the number of Placing Shares that are to be allotted and/or issued to you or at your direction pursuant to the Placing being reduced to such number, or to nil, as KBC Peel Hunt may decide at its sole discretion;
- (h) you have complied and will comply with all applicable provisions of FSMA with respect to anything done or to be done by you in relation to any Placing Shares in, from or otherwise involving, the United Kingdom and you have not made or communicated or caused to be made or communicated, and you will not make or communicate or cause to be made or communicated, any "financial promotion" in relation to Placing Shares in contravention of section 21 of FSMA;
- (i) you are a FSMA Qualified Investor;
- (j) you are acting as principal only in respect of the Placing or, if you are acting for any other person in respect of the Placing (1) you are both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e)(i) of Directive 2003/71/EC (known as the Prospectus Directive) acting as agent for such person, and (2) such person is either (i) a FSMA Qualified Investor or (ii) a "client" (as defined in section 86(2) of FSMA) of yours that has engaged you to act as his agent on terms which enable you to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- (k) nothing has been done or will be done by you in relation to the Placing or to any Placing Shares that has resulted or will result in any person being required to publish a prospectus in relation to the Company or to any Ordinary Shares in accordance with FSMA or the UK Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
- (l) you are not, and are not acting in relation to the Placing as nominee or agent for, a person who is or may be liable to stamp duty or stamp duty reserve tax in respect of

any agreement to acquire (or any acquisition of) shares or other securities at a rate in excess of 0.5% (including, without limitation, under sections 67, 70, 93 or 96 of the Finance Act 1986 concerning depository receipts and clearance services), and the allocation, allotment, issue and/or delivery to you, or any person specified by you for registration as holder, of Placing Shares will not give rise to a liability under any such section;

- (m) you will not treat any Placing Shares in any manner that would contravene any legislation applicable in any territory or jurisdiction and no aspect of your participation in the Placing will contravene any legislation applicable in any territory or jurisdiction in any respect or cause the Company or KBC Peel Hunt to contravene any such legislation in any respect;
- (n) (applicable terms and expressions used in this paragraph have the meanings that they have in Regulation S made under the US Securities Act) (1) none of the Placing Shares has been or will be registered under the US Securities Act, (2) none of the Placing Shares may be offered, sold, taken up or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act, (3) you are not within the United States and (unless you will be subscribing Placing Shares pursuant to an exemption referred to above in this paragraph) you are not a US person, (4) you have not offered, sold or delivered and will not offer sell or deliver any of the Placing Shares to persons within the United States, directly or indirectly, (5) neither you, your affiliates, nor any persons acting on your behalf, have engaged or will engage in any directed selling efforts with respect to the Placing Shares, (6) you will not be subscribing Placing Shares with a view to resale in or into the United States, and (7) you will not distribute any offering material relating to Placing Shares, directly or indirectly, in or into the United States or to any persons resident in the United States;
- (o) time is of essence as regards your obligations under this Appendix;
- (p) you shall indemnify and hold each of the Company and KBC Peel Hunt harmless, on an after tax basis, from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach by you of the terms in this Appendix;
- (q) none of your rights or obligations in respect of the Placing is conditional on any other person agreeing to acquire any Placing Shares under the Placing and no failure by any other person to meet any of your obligations in respect of the Placing shall effect any of your obligations in respect of the Placing;
- (r) the Company and KBC Peel Hunt will reply upon the truth and accuracy of the representations, confirmations, acknowledgements and warranties given by you as set out in this Appendix;
- (s) this Appendix and any contract which may be entered into between you and KBC Peel Hunt and/or the Company pursuant to it or the Placing shall be governed by and construed in accordance with the laws of England, for which purpose you submit to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute, or matter arising out of or relating to this Appendix or such contract, except that each of the Company and KBC Peel Hunt shall have the right to bring enforcement proceedings in respect of any judgement obtained against you in the courts of England and Wales in the courts of any other relevant jurisdiction; and
- (t) nothing in this Appendix shall exclude any liability of any person for fraud on its part.

All times and dates in the Announcement are subject to amendment at the discretion of KBC Peel Hunt, except that in no circumstances will the date scheduled for Admission be later than the Long Stop Date.

## Definitions

"Admission"		the admission to AIM of the Placing Shares
"AIM"		AIM, a market operated by London Stock Exchange plc
"Announcement"		the announcement to be made by the Company regarding the Placing including any drafts thereof
"Board"		the board of directors of the Company
"Company" or "Hasgrove"		Hasgrove plc, a company registered in England and Wales with registered number 5247414 and whose registered office is at St John's Court, 19b Quay Street Manchester M3 3HN
"Directors"		the directors of the Company
"Existing Shares"	Ordinary	the Ordinary Shares in issue immediately prior to the issue of the Placing Shares
"FSA"		the Financial Services Authority
"FSMA"		the Financial Services and Markets Act 2000
"FSMA Qualified Investor"		a person who is a "qualified investor" as referred to at section 86(7) of FSMA and at or to whom any private communication relating to the Company that is a "financial promotion" (as such term is used in relation to FSMA) may lawfully be issued, directed or otherwise communicated without the need for it to be approved, made or directed by an "authorised person" as referred to in FSMA
"KBC Peel Hunt"		KBC Peel Hunt Ltd
"KBC Person"		any person being (i) KBC Peel Hunt, (ii) an undertaking which is a subsidiary undertaking of KBC Peel Hunt, (iii) a parent undertaking of KBC Peel Hunt or (other than KBC Peel Hunt) a subsidiary undertaking of any such parent undertaking, or (iv) a director, officer, agent or employee of any such person
"Ordinary Shares"		the ordinary shares of 10p each in the Company
"Placees"		persons who agree to subscribe Placing Shares pursuant to the Placing
"Placing"		the conditional placing by KBC Peel Hunt of the Placing Shares pursuant to the Placing Agreement
"Placing Agreement"		the agreement dated 14 November 2008 between the Company and KBC Peel Hunt relating to the Placing
"Placing Price"		90 pence
"Placing Shares"		1,068,400 Ordinary Shares to be placed pursuant to the Placing
"Presentation"		the presentation which the company gives to Placees relating to the Placing

"Shareholders"	holders of Ordinary Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"US Securities Act"	the US Securities Act of 1933
"US person"	is as defined in Rule 902(K) of Regulation S of the US Securities Act
"US Securities Act"	the US Securities Act of 1933 as amended